

House File 339 - Reprinted

HOUSE FILE 339

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 84)

(As Amended and Passed by the House April 25, 2019)

A BILL FOR

1 An Act relating to programs administered by the economic
2 development authority, including tax credits for equity
3 investments in qualifying businesses or innovation funds,
4 tax incentives for eligible businesses in rural communities,
5 and including effective date provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 15.102, Code 2019, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 08. "*Rural community*" means any city
4 located in this state with a population of thirty thousand
5 or less in a county with a population of fifty thousand or
6 less. A rural community located in more than one county shall
7 be considered to be located in the county having the greatest
8 taxable base within the city.

9 Sec. 2. Section 15.119, subsection 2, paragraphs d and e,
10 Code 2019, are amended to read as follows:

11 d. The tax credits for investments in qualifying businesses
12 issued pursuant to [section 15E.43](#). In allocating tax credits
13 pursuant to [this subsection](#), the authority shall allocate at
14 least two million and not more than four million dollars for
15 purposes of this paragraph, unless the authority determines
16 that the tax credits awarded will be less than that amount.

17 e. The tax credits for investments in an innovation fund
18 pursuant to [section 15E.52](#). In allocating tax credits pursuant
19 to [this subsection](#), the authority shall allocate at least six
20 million and not more than eight million dollars for purposes of
21 this paragraph, unless the authority determines that the tax
22 credits awarded will be less than that amount.

23 Sec. 3. Section 15.119, Code 2019, is amended by adding the
24 following new subsection:

25 NEW SUBSECTION. 2A. On or before June 30 of each year,
26 the authority shall determine the amount of tax credits that
27 shall be issued pursuant to sections 15E.43 and 15E.52 for
28 the following fiscal year. In allocating the amount of tax
29 credits authorized pursuant to subsection 1 among the programs
30 specified in subsection 2, the aggregate amount allocated by
31 the authority for purposes of subsection 2, paragraphs "d" and
32 "e", shall not exceed ten million dollars.

33 Sec. 4. Section 15.335A, subsection 1, unnumbered paragraph
34 1, Code 2019, is amended to read as follows:

35 Tax Except as provided in subsection 1A, tax incentives are

1 available to eligible businesses as provided in this ~~section~~
2 subsection. The incentives are based upon the number of jobs
3 created or retained that pay at least one hundred twenty
4 percent of the qualifying wage threshold and the amount of the
5 qualifying investment made according to the following schedule:

6 Sec. 5. Section 15.335A, Code 2019, is amended by adding the
7 following new subsection:

8 NEW SUBSECTION. 1A. Tax incentives are available to
9 eligible businesses in rural communities as provided in this
10 subsection. The incentives are based upon the number of
11 jobs created or retained that pay at least one hundred ten
12 percent of the qualifying wage threshold and the amount of the
13 qualifying investment made according to the following schedule:

14 a. The number of jobs is zero and economic activity is
15 furthered by the qualifying investment and the amount of the
16 qualifying investment is one of the following:

17 (1) Less than fifty thousand dollars, then the tax incentive
18 is the investment tax credit of up to two percent.

19 (2) At least fifty thousand dollars but less than two
20 hundred fifty thousand dollars, then the tax incentives are the
21 investment tax credit of up to two percent and the sales tax
22 refund.

23 (3) At least two hundred fifty thousand dollars, then the
24 tax incentives are the investment tax credit of up to two
25 percent, the sales tax refund, and the additional research and
26 development tax credit.

27 b. The number of jobs is one but not more than five and the
28 amount of the qualifying investment is one of the following:

29 (1) Less than fifty thousand dollars, then the tax incentive
30 is the investment tax credit of up to three percent.

31 (2) At least fifty thousand dollars but less than two
32 hundred fifty thousand dollars, then the tax incentives are the
33 investment tax credit of up to three percent and the sales tax
34 refund.

35 (3) At least two hundred fifty thousand dollars, then the

1 tax incentives are the investment tax credit of up to three
2 percent, the sales tax refund, and the additional research and
3 development tax credit.

4 *c.* The number of jobs is six but not more than ten and the
5 amount of the qualifying investment is one of the following:

6 (1) Less than fifty thousand dollars, then the tax incentive
7 is the investment tax credit of up to four percent.

8 (2) At least fifty thousand dollars but less than two
9 hundred fifty thousand dollars, then the tax incentives are the
10 investment tax credit of up to four percent and the sales tax
11 refund.

12 (3) At least two hundred fifty thousand dollars, then the
13 tax incentives are the investment tax credit of up to four
14 percent, the sales tax refund, and the additional research and
15 development tax credit.

16 *d.* The number of jobs is eleven but not more than fifteen
17 and the amount of the qualifying investment is one of the
18 following:

19 (1) Less than fifty thousand dollars, then the tax incentive
20 is the investment tax credit of up to five percent.

21 (2) At least fifty thousand dollars but less than two
22 hundred fifty thousand dollars, then the tax incentives are the
23 investment tax credit of up to five percent and the sales tax
24 refund.

25 (3) At least two hundred fifty thousand dollars, then the
26 tax incentives are the investment tax credit of up to five
27 percent, the sales tax refund, and the additional research and
28 development tax credit.

29 *e.* The number of jobs is sixteen or more and the amount of
30 the qualifying investment is one of the following:

31 (1) Less than fifty thousand dollars, then the tax incentive
32 is the investment tax credit of up to six percent.

33 (2) At least fifty thousand dollars but less than two
34 hundred fifty thousand dollars, then the tax incentives are the
35 investment tax credit of up to six percent and the sales tax

1 refund.

2 (3) At least two hundred fifty thousand dollars, then the
3 tax incentives are the investment tax credit of up to six
4 percent, the sales tax refund, and the additional research and
5 development tax credit.

6 *f.* The number of jobs is thirty-one but not more than forty
7 and the amount of the qualifying investment is at least five
8 million dollars, then the tax incentives are the local property
9 tax exemption, the investment tax credit of up to seven
10 percent, the sales tax refund, and the additional research and
11 development tax credit.

12 *g.* The number of jobs is forty-one but not more than sixty
13 and the amount of the qualifying investment is at least five
14 million dollars, then the tax incentives are the local property
15 tax exemption, the investment tax credit of up to eight
16 percent, the sales tax refund, and the additional research and
17 development tax credit.

18 *h.* The number of jobs is sixty-one but not more than
19 eighty and the amount of the qualifying investment is at least
20 five million dollars, then the tax incentives are the local
21 property tax exemption, the investment tax credit of up to nine
22 percent, the sales tax refund, and the additional research and
23 development tax credit.

24 *i.* The number of jobs is eighty-one but not more than one
25 hundred and the amount of the qualifying investment is at least
26 five million dollars, then the tax incentives are the local
27 property tax exemption, the investment tax credit of up to ten
28 percent, the sales tax refund, and the additional research and
29 development tax credit.

30 *j.* The number of jobs is at least one hundred one and the
31 amount of the qualifying investment is at least ten million
32 dollars, then the tax incentives are the local property
33 tax exemption, the investment tax credit of up to eleven
34 percent, the sales tax refund, and the additional research and
35 development tax credit.

1 Sec. 6. Section 15.335B, subsection 3, paragraph c, Code
2 2019, is amended to read as follows:

3 c. (1) Consider the amount and type of the local community
4 match, as follows:

5 (a) In a community with a population of less than five
6 thousand, a community match shall not be required.

7 (b) In a community with a population equal to or greater
8 than five thousand but less than fifteen thousand, a community
9 match of at least five percent of the projected funds to be
10 expended shall be required.

11 (c) In a community with a population equal to or greater
12 than fifteen thousand but less than thirty thousand, a
13 community match of at least ten percent of the projected funds
14 to be expended shall be required.

15 (d) In a community with a population equal to or greater
16 than thirty thousand, a community match of at least twenty
17 percent of the projected funds to be expended shall be
18 required.

19 (2) The Notwithstanding subparagraph (1), the authority may
20 provide assistance to an early-stage business in a high-growth
21 industry regardless of the amount of local match involved.

22 Sec. 7. EFFECTIVE DATE. This Act, being deemed of immediate
23 importance, takes effect upon enactment.